

SR 520 Toll Rate Setting Toll Rate Differentials

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**Washington State
Department of Transportation**

Today's Agenda

- **Legislative Update**
- **SR 520 toll rate-setting**
 - Revised decision timeline
 - Differentials between *Good To Go!* and pay-by-mail rates
 - Approaches to incentivize transponder use



Supplemental Budget Provisions Related to Tolling

- \$67 million in the 11-13 biennium for the Kirkland I-405 project.
- Funding provided for an Express Toll Lanes system concept study. As part of the study, WSDOT must prepare a comprehensive tolling study of I-5 express lanes.
- Direction to review and revise, where appropriate, current signage and ingress/egress locations on the SR 167 HOT lanes project.
- \$2.1 million from a newly created civil penalties account and \$140,000 from the Tacoma Narrows Bridge account to fund the toll adjudication process.
- \$934,000 reduction to the Toll Operations and Maintenance budget on the Tacoma Narrows Bridge due to insurance cost savings.
- The \$5.288 million transfer from the Tacoma Narrows Toll Bridge Account to the Motor Vehicle Account is delayed until the 2011-13 biennium and will be funded from civil penalties, with the passage of ESSB 6449.

Supplemental Budget Provisions Related to Tolling

- The Department shall consider transitioning to all electronic tolling on the Tacoma Narrows Bridge and discontinuing a cash toll option.
- The Department must work with the Washington Transportation Commission, the Oregon State Transportation Commission and the Oregon State Department of Transportation to analyze and review potential options for a bi-state, toll-setting framework.
- The Department must provide findings and recommendations to the Project Sponsor's Council by October 1, 2010, with a final report to the Governor and Washington Legislature by June 30, 2011.

ESSB 6499

Toll Administration and Penalties

- Provides a driver 80 days to pay a toll.
- Provides WSDOT the authority to issue a civil penalty after 80 days.
- Directs WSDOT to establish an administrative hearings process for appeals of toll penalties.
- Directs the civil penalty revenue back to the appropriate toll facility.
- Beginning July 1, 2011, civil penalties deposited into the Tacoma Narrows toll bridge account must first be allocated towards repayment of the loan from the motor vehicle fund.

ESSB 6392

Regarding SR 520

- Allows SR 520 toll revenue to be used on projects within the full SR 520 corridor, not just the floating bridge and connections.
- Provides \$200 million in bond proceeds to the west side project.
- Creates a special account for civil penalties from toll violators that must be used for the SR 520 project, including mitigation.
- Establishes three work groups to study and make recommendations on transit connections, options for planning and financing high capacity transit in the corridor and potential design refinements to the preferred alternative that will be selected in April.



SR 520 Rate-setting Timeline

- **Original plan:** propose rates in March to enable final rulemaking in July, in time for bond sales.
- **Changes since then:**
 - Expanded use of toll revenue to allow tolls to be used for the full SR 520 project, not just the floating bridge and connections.
 - Traffic and revenue estimates being revised to reflect the expanded use of toll revenue.
 - Bond sales are now planned no earlier than the end of the 2010 calendar year.
 - Initial draft rate proposal now needed by July.
- **Timeline is still tight!**
 - Ideally decisions should allow for discussion over two meetings.
 - Need to consider initial rates, and also the rate-change process.

What Decisions Have Been Made?

- ✓ **What a variable rate schedule should look like**
 - A matrix, with different rates possible each hour and day
- ✓ **Initial discussion of how variable rates can be adjusted**
 - Need flexibility, but can't abbreviate Commission rule-making process
 - More discussion needed still
- ✓ **Truck rate structure**
 - Same as Tacoma Narrows – per-axle truck rates, six axles maximum
- ✓ **Discounts and Exemptions**
 - For early tolling, transit and agency vanpools will be toll-exempt
- ✓ **Incentives to use lower cost payment methods**
 - Set two toll rates: one for *Good-to-Go!* accounts, one for pay-by-mail

What Decisions Remain?

What:

When proposed:

- Update traffic and revenue scenarios
- Update financial assumptions
- Update revenue targets

- May 2010

- Proposed rate table and rule
- Initial discussion on rate-change process

- June 2010

- Initial draft rate schedule

- July 2010

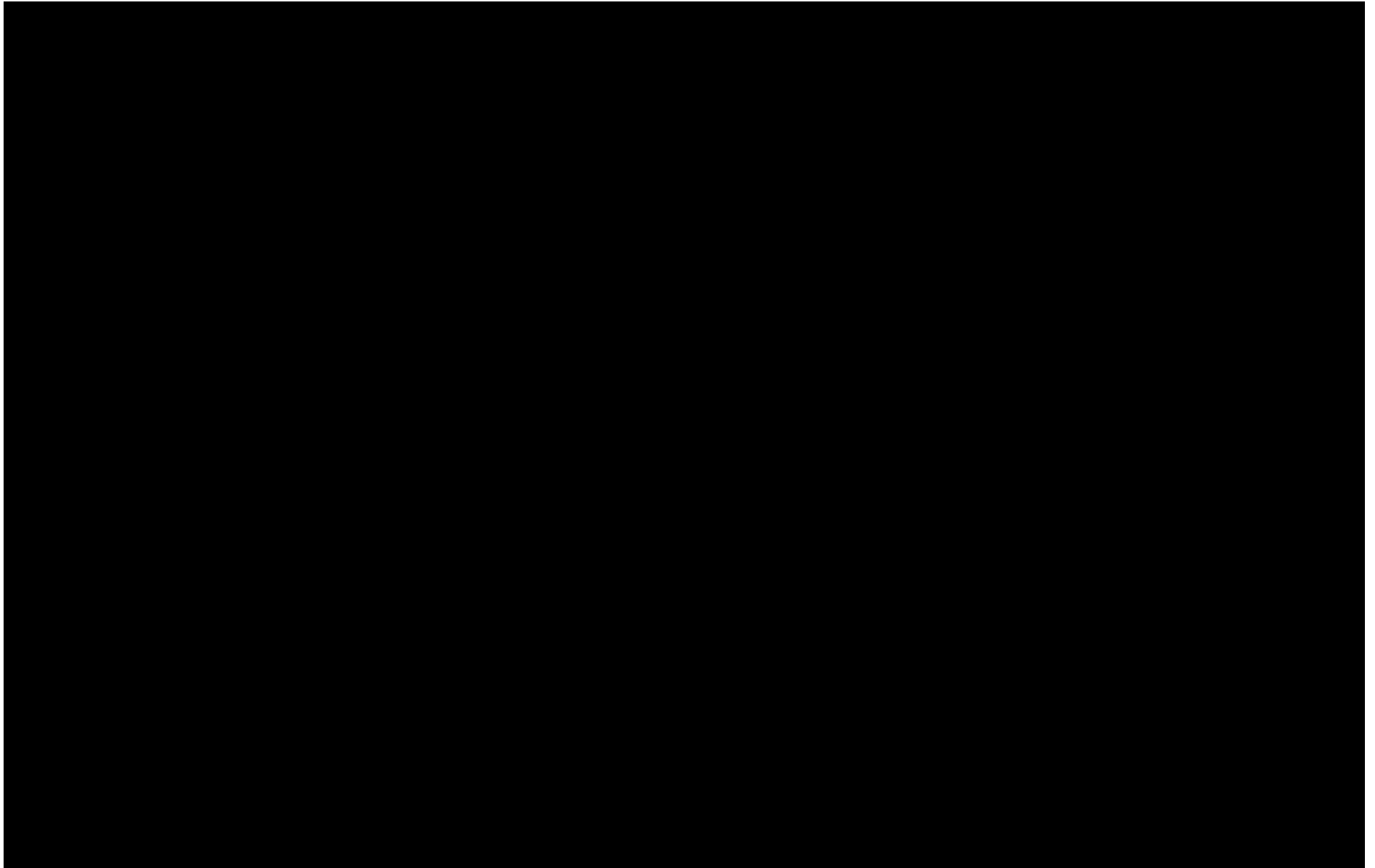
- Proposed rate schedule
- Proposed rate change process
- Proposed fees

- November 2010

- Proposed final rule-making

- January 2011

SR 520 Proposed/Revised Schedule



Rate Differentials by Payment Type

- **Customers with pre-paid accounts will have lower cost of collection, and lower portion of uncollected tolls**
- **A higher toll for pay-by-mail customers is needed**
 - Promotes use of lower cost payment methods
 - Needed to achieve targets for payment type in financial plan
 - Raises consistent revenue per transaction
 - Toll collection costs borne appropriately
- **Incentives may be used to encourage transponder use by frequent customers**

Preferred Approach

Two toll rates: One for account holders and one for pay-by-mail.

| PER-TRANSACTION TOLLS | Good-to-Go! account holders | | Pay-by-mail | | |
|-----------------------|--------------------------------|--|---------------------|--------|-------------|
| | \$1.00 | | \$2.00 | | |
| MONTHLY ACCOUNT FEES | No fees for transponder users | | No fees for billing | | |
| | Monthly Fee for Video Users | | | | |
| Customer Account Type | Transponder | | 72-hr. | e-Bill | Pay-by-mail |
| | Pre-Pay | | Post-Pay | | |

Incremental costs

Manual image inspections

Mailing costs

Incremental losses

Unreadable license plates

Uncollected bills

Bad addresses

Collection Costs

Per Transaction

These costs will be calculated to prepare proposed rate tables.

| | | | <i>Good to Go!</i> | <i>Pay by mail</i> |
|--|--|--|-------------------------------------|-------------------------------------|
| Cost for Customer Service Center vendor Roughly similar vendor cost for all transactions | | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Credit card handling fees <div> <div>Credit/debit card fee</div> <div>×</div> <div># of transactions per card transaction</div> </div> | | | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| Mailing, lockbox and collection costs <div> <div>Billing cost</div> <div>×</div> <div># of transactions per bill</div> </div> | | | | <input checked="" type="checkbox"/> |
| License plate look-up costs <div> <div>Average look-up charge</div> <div>×</div> <div>portion of first time reads</div> </div> | | | | <input checked="" type="checkbox"/> |

Uncollected Revenue (losses)

Per Transaction

These losses will be calculated to prepare proposed rate tables.

| | | | <i>Good to Go!</i> | Pay by mail |
|--|---|------------------------------------|---------------------------|-------------------------------------|
| Unreadable license plate images | | | Video only | <input checked="" type="checkbox"/> |
| Average toll rate | X | % of unreadable images | | |
| No valid address | | | | <input checked="" type="checkbox"/> |
| Average toll rate | X | % of plates with invalid addresses | | |
| Uncollectible bills | | | | <input checked="" type="checkbox"/> |
| Average toll rate | X | % of uncollectible bills | | |

What About Video Accounts?

- **Unreadable plates will make pre-paid video accounts more expensive than pre-paid transponder accounts**
- **Some incentive is needed to encourage frequent customers to use transponders**
- **There are many options aside from transaction-related fees. Some examples could include:**
 - Charge a monthly account fee for each vehicle on an account with no transponder.
 - Charge an account establishment fee and give a transponder away to anyone setting up an account.
 - Sell transponders that include a prepaid balance or forgive tolls for a set period of time for transponder users.
 - Combinations of the above, either permanently or as initial promotions.

Questions?

For more information on SR 520 Toll Rate Setting
Toll Rate Differentials,
please contact

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